

Barley Snyder LLC
ATTORNEYS AT LAW

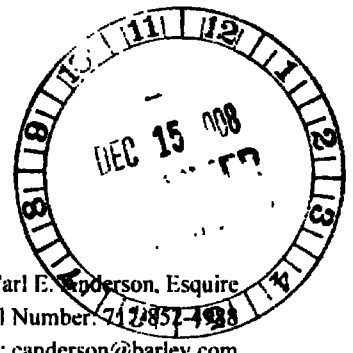
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RECORDATION NO. 27757-A FILED

DEC 15 '08

4:45 PM

SURFACE TRANSPORTATION BOARD



Carl E. Anderson, Esquire
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E-mail: canderson@barley.com

December 12, 2008

Via Federal Express

Anne K. Quinlan, Secretary
Surface Transportation Board
395 East Street, S.W.
Washington, D.C. 20423-0001

Re: Recordation of Security Agreement and Equipment List and Collateral
Assignment of Lease of Railroad Equipment

Dear Secretary:

I have enclosed an original and one copy/counterpart of the documents described below,
to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code.

The first document is a Security Agreement and Equipment List attached as Exhibit A
thereto, a primary document, dated December 9, 2008.

The names and addresses of the parties to the document:

Secured Party, Lender: Sovereign Bank
601 Penn Street
Reading, PA 19601

Principal Debtor: Carol S. Muller
16 Snowdrift Road
Kutztown, PA 19530

Guarantors: Andrew M. Muller, Jr.
16 Snowdrift Road
Kutztown, PA 19530

and

Reading Blue Mountain & Northern Railroad
Company
P. O. Box 218
Port Clinton, PA 19549

The second document is a Collateral Assignment of Lease of Railroad Equipment, a secondary document, dated December 9, 2008.

The names and addresses of the parties to the document:

Lessor:	Carol S. Muller 16 Snowdrift Road Kutztown, PA 19530
Lessee:	Reading Blue Mountain & Northern Railroad Company P. O. Box 218 Port Clinton, PA 19549
Bank:	Sovereign Bank 601 Penn Street Reading, PA 19601

A description of the equipment covered by the documents follows:

Included in the property covered by the aforementioned Security Agreement and Equipment List attached as Exhibit A and the Collateral Assignment of Lease of Railroad Equipment are all railcars now owned and hereafter acquired by the Debtor/Lessor, including the 48 covered hopper railroad cars marked PFMX and RBMN and numbered as set forth on the Equipment List, intended for use related to interstate commerce, or interests therein, owned by Carol S. Muller at the date of said Security Agreement and Equipment List and Collateral Assignment of Lease of Railroad Equipment.

A fee of \$82.00 is enclosed. Please return the original and any extra copies not needed by the Board for recordation to the undersigned in the self-addressed stamped envelope enclosed.

Please also complete the W-9 form enclosed and return it in the enclosed blue envelope.

Please contact me with any questions.

Very truly yours,



Carl E. Anderson

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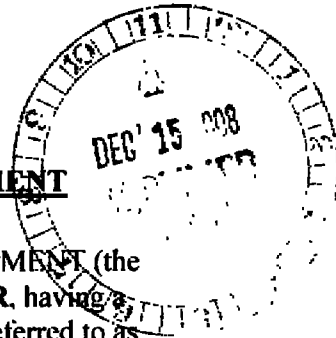
Enclosures

cc: Steven M. Weidman, Senior Vice President

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SURFACE TRANSPORTATION BOARD

COLLATERAL ASSIGNMENT OF LEASE OF RAILROAD EQUIPMENT

THIS COLLATERAL ASSIGNMENT OF LEASE OF RAILROAD EQUIPMENT (the "Lease") made this 9th day of December, 2008, by and among **CAROL S. MULLER**, having a mailing address at 16 Snowdrift Road, Kutztown, Pennsylvania 19530 (hereinafter referred to as the "**Lessor**"), **READING BLUE MOUNTAIN AND NORTHERN RAILROAD**, a Pennsylvania corporation, which has a mailing address at P. O. Box 218, Port Clinton, Pennsylvania 19549 (the "**Lessee**") and **SOVEREIGN BANK** (the "**Bank**").

W I T N E S S E T H :

WHEREAS, it is understood that the Bank, which is providing a certain line of credit ("Loan") to Lessor, pursuant to the terms of a certain loan agreement dated the date hereof between the Bank and the Lessor (the "**Loan Agreement**"), is and will continue to be interested in the performance of the Lease by the Lessee in accordance with all of the terms and provisions thereof; and

WHEREAS, the Loan Agreement requires the Lessor, as security for the repayment of the Loan, to grant to the Bank a security interest in the "Collateral" as defined in the Security Agreement dated the date hereof, which Collateral includes, but is not limited to, an Assignment of this Lease and the subject railroad equipment.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

1. The Bank, through its authorized representatives, shall at all reasonable times and upon prior notice have access to the Collateral for purpose of making inspections provided there will be no duty to assemble.
2. The Lessor will perform or observe each and every material covenant, obligation and condition of the Lease to be performed or observed by the Lessor.
3. The Lessor will give prompt written notice to the Bank of any notice of default either by the Lessor or the Lessee under the Lease, together with a complete copy of any such notice of default.
4. At the Lessor's sole cost and expense, the Bank may, following reasonable prior written notice to the Lessor, but is not obligated to, enforce the performance or observance of each and every material covenant, obligation and condition of the Lease to be performed or observed by the Lessee.
5. The Lessor will not assign any of its rights under the Lease without the prior written consent of the Bank.
6. Except as otherwise permitted by the Loan Agreement or Security Agreement, the Lessor will neither waive nor release the Lessee from any of the Lessee's material covenants, obligations or conditions under the Lease without the prior written consent of the Bank, and the

Lessor will do no other acts prohibited by the terms of the Loan Agreement or Security Agreement.

7. The Lessor will not terminate the Lease without the prior written consent of the Bank.

8. In the event of any Event of Default (as defined in the Loan Agreement or Security Agreement) by the Lessor occurring and continuing under the Loan Agreement or any of the related loan documents, as confirmed to the Lessee by written notice from the Bank, the parties hereto agree that the Bank may elect to succeed to and exercise all of the Lessor's rights and privileges and to assume all of the Lessor's obligations under the Lease and that the Lessee shall be absolutely protected against the Lessor in proceeding in reliance on said notice from the Bank. In furtherance of the foregoing provision, the Lessor hereby grants the Bank a security interest in, and assigns, transfers, and sets over to the Bank, all of the Lessor's right, title and interest in the Lease; provided, however, that the Lessor shall at all times remain bound to perform all obligations imposed on the Lessor under the Lease, except to the extent assumed by the Bank.

Unless and until the Bank shall elect to assume the future obligations of the Lessor under the Lease, the Bank will not be obligated to perform or discharge any obligation under the Lease or under or by reason of this agreement and assignment, and the Lessor hereby agrees to indemnify the Bank against and defend and hold the Bank harmless from any and all liability, loss or damage which the Bank may or might incur under the Lease or under or by reason of this agreement and assignment (except for the gross negligence or willful misconduct of the Bank or its agents) and of and from any and all claims and demands whatsoever that may be asserted against the Bank by reason of any alleged obligation or undertaking on the part of the Bank to perform or discharge any of the covenants, obligations and conditions of the Lease. If the Bank should incur any such liability, loss or damage under the Lease or under or by reason of this agreement and assignment, or in defense against any such claims or demands, the Lessor will reimburse the Bank for the amount thereof, including all costs, expenses and reasonable attorneys' fees, together with interest thereon at the default rate set forth in the Loan Agreement immediately upon demand.

9. The Lessee hereby:

(a) approves the foregoing assignment by the Lessor to the Bank and covenants that it has no knowledge of any prior assignment of the Lease by the Lessor;

(b) agrees to give the Bank written notice of any defaults by the Lessor under the Lease and to give the Bank, at the sole option of the Bank, the right to cure any defaults by the Lessor under the Lease within thirty (30) days after receipt by the Bank of notice of such default;

(c) covenants that the Lease has not been modified and is in full force and effect and that the Lessee will not assign its rights and obligations under the Lease without the prior written consent of the Bank;

(d) agrees that the Bank shall have no liability to the Lessee either under the Lease, this agreement and assignment, or otherwise for any act or omission occurring prior to such time as the Bank elects to assume the future obligations of the Lessor under the Lease (except for the gross negligence or willful misconduct of the Bank or its agents);

10. The Lessor and the Lessee hereby each represent and warrant to the Bank that:

(a) neither party has executed or made any prior assignment of any of its rights under the Lease; and

(b) the Lease has not been modified and is in full force and effect.

11. Violation by the Lessor of any of the material covenants, representations, warranties or obligations contained herein shall, after written notice of a thirty (30) day cure period, at the option of the Bank, be deemed a default under the Loan Agreement or the Security Agreement.

12. This agreement and assignment shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors, trustees and assigns.

13. Whenever the Bank's consent or approval is required hereunder, such consent or approval shall not be unreasonably withheld or delayed, unless otherwise expressly provided herein.

14. All notices (except for notice by the Bank that it intends to conduct an inspection of the premises), consents, requests, and demands to or upon the respective parties hereto shall be in writing, and shall be deemed to have been given or made when delivered in person to those persons listed on the signature pages hereof or received via certified United States mail, or, in the case of telegraphic notice or the overnight courier services, when delivered by the telegraphic company or overnight courier service, to Lessor or Lessee, in each case addressed to the addresses of those persons as set forth on the face page hereof, or such other address as any party may designate by notice to the other parties in accordance with the terms of this Section 14.

(SIGNATURE PAGES TO FOLLOW)

IN WITNESS WHEREOF, the parties hereto have caused this agreement and assignment to be executed, under seal, as of the day and year first above written.

CAROL S. MULLER
(the "Lessor")

By: Carol S. Muller
Carol S. Muller, Individually

SOVEREIGN BANK
(the "Bank")

By: Steven M. Weidman
Name: Steven M. Weidman
Title: SVP

IN WITNESS WHEREOF, the parties hereto have caused this agreement and assignment to be executed, under seal, as of the day and year first above written.

**READING BLUE MOUNTAIN AND
NORTHERN RAILROAD**

(the "Lessee")

By: 

Name: Andrew Muller Jr.

Title: (Pres)